Position Statement

From: Mark T. Jensen, Esq.

Bill Number: SB 494

Committee: Finance

Position: Support

Title: Maryland Health Care Commission – Certificates of Need and Material Change Transactions

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My name is Mark T. Jensen. I am a former Maryland Hospital Association board chair with over twenty years of experience in hospital governance and risk management focused on improving patient safety, advancing clinical quality, and strengthening the stability of care delivery systems. I respectfully submit this written testimony in **support of SB 494** because it establishes something our health care system urgently needs: **transparency and meaningful oversight when ownership and governance of health care entities change hands**.

Over the last decade, health care delivery has undergone a quiet but profound structural shift. Increasingly, private equity firms and other financial investors are acquiring physician practices, home health agencies, hospice providers, and specialty service lines. These acquisitions are often framed as operational partnerships or capital infusions—but from the perspective of someone responsible for clinical outcomes, staffing adequacy, and system reliability, changes in ownership are never purely financial events. They are operational events that can **reshape staffing models, clinical decision-making, access to care,** and ultimately **patient safety**.[1,2]

SB 494 would require notice to the Maryland Health Care Commission prior to the completion of a material change transaction and would authorize a streamlined public interest review process lasting no more than 90 days when warranted. This approach is consistent with the framework the General Assembly adopted for nursing homes in 2024 and is designed not to block transactions, but to e**nsure that transactions are structured in ways that preserve access, quality, affordability, and continuity of care for Marylanders**.

From an operational standpoint, this type of review is critical. When governance structures shift—particularly when for-profit investor ownership models are introduced—there are often **downstream effects that directly impact clinical care**. These include:

- Reductions in staffing levels or changes in staff skill mix;

- Modifications to clinical protocols or utilization management practices;
- Changes in service mix, including the closure of less profitable lines of care; and
- Reduced participation in Medicaid or limitations on the acceptance of uninsured patients.[3,4]

Each of these decisions may be financially rational in the short term, but they carry **implications for care quality and patient safety** that **are not visible to regulators** under our current framework. We have already seen in Maryland how ownership changes in nursing homes were associated with **reductions in staffing** and **declines in patient satisfaction** over time. Evidence links private equity ownership in nursing homes to increased mortality, more frequent hospitalizations, and higher deficiency findings following acquisition.[5,6] These findings reflect **real-world changes in how care is delivered** when financial imperatives are introduced into governance structures without appropriate safeguards.

While we now regulate nursing homes, **private equity penetration in Maryland has grown rapidly** and is **disproportionately concentrated in certain specialties and communities**. In some areas of the State, a significant share of physicians are now affiliated with private equity–owned practices, meaning that patients with particular insurance products—especially Medicare Advantage—may have **limited options** outside investor-owned entities.[7] This has implications not only for **pricing power and premiums**, but also for **workforce deployment, clinical autonomy,** and **long-term system resilience**.

SB 494 creates an early-warning mechanism that allows the State to:

- Assess whether a proposed transaction may reduce geographic access to care;
- Evaluate the acquiring entity's ownership history and quality performance;
- Understand potential impacts on workforce levels and service capacity; and
- Negotiate enforceable conditions to maintain minimum staffing or service lines when necessary.

Health care facilities and provider organizations are not interchangeable market actors – they are components of critical infrastructure. When governance changes prioritize short-term financial returns over long-term community needs, the **effects are felt in staffing ratios, discharge planning, medication management, and preventable readmissions**.[8,9] Those effects ultimately surface in emergency departments, inpatient units, and home health caseloads across the State.

SB 494 does not seek to prevent investment in Maryland's health care system. Rather, **it ensures that when investment occurs, it does so transparently and with appropriate accountability to patients, providers, and communities**. Establishing a notice and public

interest review process now – before consolidation further reshapes our care delivery landscape – will allow Maryland to protect quality and safety proactively, rather than responding after access has declined or workforce shortages have worsened.

For these reasons, I respectfully urge a favorable report on SB 494.

Thank you for your consideration.

Sincerely,

Mark T. Jensen

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[1] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care*. JAMA Health Forum. 2024;5(9):e243767. doi:10.1001/jamahealthforum.2024.3767.

[2] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review.* BMJ Open. 2023;13:e068247. doi:10.1136/bmjopen-2022-068247.

[3] Kannan S, et al. *Hospital Staffing and Patient Outcomes After Private Equity Acquisition*. Annals of Internal Medicine. 2025.

[4] Jiao YA. *The Impact of Private Equity Hospital Acquisitions on Maternal Health for Medicaid Patients*. Health Services Research. 2026.

[5] Gupta A, Howell ST, Yannelis C, Gupta A. *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes*. National Bureau of Economic Research Working Paper No. 28474. 2021.

[6] Braun RT, et al. *Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents*. JAMA Health Forum. 2021.

[7] Singh Y, Murray R, Reddy M, Perkins J, Mehta N, Whaley C, Fuse Brown E. *Private Equity Investments in Physician Practices in Maryland*. Prepared for the Maryland Health Care Commission. 2025.

[8] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care*. JAMA Health Forum. 2024. doi:10.1001/jamahealthforum.2024.3767

[9] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: a systematic review.* BMJ. 2023;382:e075079.